

## **Appendix 6: Flexible use of Capital Receipts Strategy 2023/24 – 2024/25**

### **1. Introduction**

- 1.1 In the 2022/23 Provisional Local Government Finance Settlement the following was announced:

***Extension of the flexibility to use capital receipts to fund transformation projects***

*We are also announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. We will provide further details on the extension in due course.*

- 1.2 On 4 April 2022, the Department of Levelling Up, Housing, and Communities confirmed this extension and published Guidance and a Direction.
- 1.3 The Council has previously produced strategies to 2022/23 in respect of the previous flexibility. This Strategy has been updated and produced for the period 2023/24 to 2024/25, in the light of the extension and revised Guidance received in 2022.

### **2. Objectives and purpose**

- 2.1 This Strategy is intended to enable the Council to potentially take advantage of this flexibility if appropriate. The Strategy forms part of the delivery of the Corporate Strategy and particularly supports the theme of Financial Sustainability.
- 2.2 The objectives of this Strategy are to:
- Outline the methodology for funding projects using this flexibility;
  - Identify actual and potential capital receipts that could be utilised to fund transformation projects;
  - Identify projects that are considered to be eligible and which could be funded by this method;
  - In subsequent years, report on the progress of projects approved in previous years.
- 2.3 The Guidance sets out examples of qualifying expenditure which includes “funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation” and it is for this purpose that the Council is proposing to use Capital Receipts in 2023/24.

### **3. 2023/24 Revenue Budget**

- 3.1 To support the significant and continued reconfiguration of the Council’s Services to deliver the improvement and efficiencies set out in the Council’s budget for 2023/24, it proposed that the associated one-off costs are funded from capital receipts. The legitimacy of this use will be determined by the S151 Officer in order to ensure that it meets the requirements set out by the Secretary of State.
- 3.2 Identified

#### **4. The Prudential Code**

- 4.1 The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy.
- 4.2 Any capital receipts which are received and not allocated will be used to fund revenue costs incurred to support the Council's service development and delivery of savings and efficiencies. These receipts have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.
- 4.3 The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this scheme within the 2022/23 Statement of Accounts.

#### **5. Monitoring the strategy**

- 5.1 Implementation of this Strategy will be monitored as part of regular financial reporting arrangements.

#### **6. Projects and activities to be funded by the Flexible Use of Capital Receipts**

- 6.1 The following sets out the projects and activities that the Council is currently undertaking.
- 6.2 Further planned use of capital receipts will occur in 2023/24 – 2024/25 as part of the council's Sustainability Programme for closing the council's project budget gaps and ensuring financial sustainability.

<b>Project</b>	<b>Description and Progress</b>	<b>Lead</b>	<b>Planned value and timing of use of receipts</b>
Office Relocation from Bushloe House to Brocks Hill	Planned office relocation in 2023/24 which remains on track.  The project will save circa £100k per annum in revenue running costs as well as in excess of £2m on capital refurbishment costs for Bushloe House.	Strategic Director – Section 151 Officer	£400,000 in 2022/23
Customer Improvement Officer	Revenue costs associated with the funding of this post.	Head of Customer Services and Transformation	£50,000 per annum 2022/23 – 2024/25

	Post works across the organisation to streamline processes, achieve technological transformation in services and improve the customer experience.		(£150,000 total)
Sustainability Programme	Activities to support reduction in ongoing expenditure and increase in income to close the projected budget gaps over the medium-term.	Strategic Director	£200,000 2023/24 – 2024/25